Press Release - Results as at 31 December 2016 approved

In 2016:

- **Cairo Communication acquired the control of RCS MediaGroup**
- **Considering the entire Group's scope of consolidation and therefore including also RCS for the four-month period September - December 2016:**
  - **consolidated gross revenue amounted to Euro 631.7 million (Euro 260 million in 2015)**
  - **looking at current operations, consolidated gross operating profit (EBITDA), operating profit (EBIT) and the profit attributable to the owners of the parent amounted to Euro 84.4 million, Euro 50.7 million and Euro 21.6 million (Euro 17.6 million, Euro 9.3 million and Euro 11.1 million respectively in 2015)**
  - **including non-recurring income and charges, consolidated gross operating profit (EBITDA), operating profit (EBIT) and profit attributable to the owners of the parent, came to Euro 85.6 million, Euro 48.8 million and Euro 20.2 million respectively**
- **On a like-for-like basis with 2015 (Cairo Editore magazine publishing, La7 TV publishing, advertising, network operator and Il Trovatore):**
  - **consolidated gross revenue amounted to Euro 263.7 million (Euro 260 million in 2015)**
  - **looking at current operations, consolidated gross operating profit (EBITDA), operating profit (EBIT) and the profit attributable to the owners of the parent amounted to Euro 17.1 million, Euro 7 million and Euro 7.1 million (Euro 17.6 million, Euro 9.3 million and Euro 11.1 million respectively in 2015)**
- **The Cairo Editore magazine publishing segment continued its growth strategy with the launch of "Nuovo and Nuovo TV Cucina" and "Enigmistica Più", achieving highly positive results which were up on 2015, with gross operating profit (EBITDA) and operating profit (EBIT) amounting to Euro 15.2 million and Euro 14 million (Euro 14.6 million and Euro 13.5 million in 2015)**
- **The TV publishing segment (La7) achieved a gross operating profit (EBITDA) of Euro 1.8 million, up on 2015, and a significant increase in audience figures in both the third (+8%) and fourth (+13.2%) quarters thanks to the investments made in the TV programme schedule to boost programme quality**
- **The consolidation of RCS for the four-month-period September - December contributed significantly to the growth in revenues and margins of the Group during the period; RCS posted a much higher profit for the entire year of 2016 compared to 2015, achieving a profit of Euro 3.5 million, marking a return to positive results for RCS (who posted a loss of Euro 175.7 in 2015)**

Milan, 27 March 2017: At its meeting today, the Board of Directors of Cairo Communication reviewed and approved the draft financial statements at 31 December 2016.

In 2016, the Cairo Communication Group:

- acquired the control of RCS, becoming a major multimedia publishing group with a stable, independent leadership, well-positioned to establish itself as one of the major player on the Italian market, with a strong international presence in Spain, by leveraging on the high quality and diversification of products in the dailies, magazines, television, web and sport events segments, maximizing the opportunities arising from the convergence of traditional media on digital platforms; The consolidation of RCS for the four-month-period September - December contributed significantly to the growth in revenues and margins of the Group during the period;

- achieved strong growth in results in the Cairo Editore magazine publishing segment, confirming the high circulation levels of the publications, and continued to work on improving efficiency levels to contain costs (production, publishing and distribution);
- continued the growth strategy of Cairo Editore with the launch of the fortnightly magazine "Nuovo e Nuovo TV Cucina" (about 102 thousand copies sold on average in 2016 - ADS figure) in January 2016 and "Enigmistica Più" (137 thousand copies sold in the first 37 numbers for 2016) in April 2016;
- continued to work on strengthening the results of the streamlining and cost-curbing measures in the TV publishing segment (La7) in 2013-2015, therefore achieving a positive gross operating profit (EBITDA) in 2016 of Euro 1.8 million, up on 2015 despite the significant investment made in the quarter July-September 2016 in TV programme schedule costs to increase the quality of the summer schedule, which increased the network audience (La7 and La7d) in that quarter by about 8% in the all-day figures and about 10% in prime time (i.e. the 20.30-23.30 time slot). The all-day network audience increased by 13.2%, and 12.4% in prime time in the October-December quarter.

Since RCS prepared the first end-of-month closure after the date of completion of the transaction on 31 August 2016, the date of initial consolidation adopted was 1 September 2016. The 2016 consolidated income statement therefore includes the profit made by RCS in the four month period September - December 2016.

Due to the effect of the initial consolidation of the RCS Group, the balance sheet and income statement figures for the year 2016 cannot be compared on a like-for-like basis with the corresponding values of the previous year shown for comparative purposes.

Considering the **entire scope of consolidation** of the Group, and therefore also the results of the four month period September-December 2016 of RCS, in 2016, with reference to **current operations,** consolidated gross revenue amounted to approximately Euro 631.7 million, strongly up on the same period of the previous year (Euro 260 million) mainly due to the consolidation of RCS which meant an increase of about Euro 368 million. Gross operating profit (EBITDA) and operating profit (EBIT) amounted to Euro 84.4 million and Euro 50.7 million respectively (Euro 17.6 million and Euro 9.3 million respectively in 2015). The profit attributable to the owners of the parent came to approximately Euro 21.6 million (Euro 11.1 million in 2015). Including non-recurring income and charges, consolidated gross operating profit (EBITDA) and operating profit (EBIT) and the profit attributable to the owners of the parent amounted to Euro 85.6 million, Euro 48.8 million and Euro 20.2 million respectively. Non-recurring income and charges also include a portion of the costs incurred for the Offer. A further part of such costs was deducted from the share premium reserve.

Consolidation of the RCS Group from 1 January 2016 would have meant higher consolidated gross revenues of Euro 662.7 million for the year ended as at 31 December 2016, and a lower consolidated profit attributable to the owners of the parent of Euro 12.4 million.

On a **like-for-like basis** with 2016, considering only the Cairo Editore magazine publishing segment, the advertising segment, the TV publishing segment (La7), Il Trovatore and the network operator, looking at **current operations**, the consolidated gross revenue amounted to approximately Euro 263.7 million (comprising gross operating revenue of Euro 254.9 million and other revenue and income of Euro 8.8 million), up compared to the previous year (Euro 260 million, comprising gross operating revenue of Euro 250,6 million and other revenue and income of Euro 9.4 million). The gross operating profit (EBITDA) and operating profit (EBIT) amounted to Euro 17.1 million and Euro 7 million respectively (Euro 17.6 million and Euro 9.3 million in 2015). Profit attributable to the owners of the parent came to approximately Euro 7.1 million (Euro 11.1 million in 2015).

Looking at the business segments, in 2016:

- in the **magazine publishing segment (Cairo Editore)**, gross operating profit (EBITDA) and operating profit (EBIT) amounted to Euro 15.2 million and Euro 14 million respectively, up on 2015 (Euro 14.6 million and Euro 13.5 million respectively). A total of approximately Euro 1.2 million were incurred in costs to launch the "Nuovo e Nuovo TV Cucina" and "Enigmistica Più". There were excellent results in circulation for the period in question (Euro 73.8 million compared to Euro 72.6 million in 2015); with reference to weeklies, Cairo Editore, with approximately 1.9 million average copies sold in the January-December twelve-month period of 2016 (ADS figures), retains its position as the leading publisher in copies of weeklies sold at newsstands, with an approximately 31% market share. Considering also the average sales of publications out of the ADS survey, i.e. sales of the initial copies of "Enigmistica Più", the average copies sold exceed 2 million;

- in the **TV publishing segment (La7)**, the Group continued to work on strengthening the results of the streamlining and cost-curbing measures achieved in 2013-2015, and succeeded in posting a positive gross operating profit (EBITDA) of approximately Euro 1.8 million in 2016. Operating profit (EBIT) came to a negative figure of approximately Euro 6.6 million and benefited in the consolidated financial statements from lower amortization and depreciation of Euro 5.4 million, due to the write-down of tangible and intangible assets made in 2013 in the purchase price allocation of the investment in La7. In 2015, gross operating profit (EBITDA) and operating profit (EBIT) came to approximately Euro 1.6 million and a negative Euro 4.9 million. Operating profit (EBIT) benefited in the consolidated financial statements from lower amortization and depreciation of Euro 9.2 million;
- in the **advertising segment**, with reference to **current operations**, gross operating profit (EBITDA) was substantially similar, and operating profit (EBIT) came to a negative Euro 0.4 million (Euro 1.3 million and Euro 0.7 million respectively in 2015). Gross advertising sales on La7 and La7d channels amounted to a total of Euro 141.8 million in 2016 (Euro 140.1 million in 2015). Advertising revenue on the Cairo Editore publications was positive, posting Euro 27.6 million at Group level, up by 7% compared to 2015 (25.8 million). In the October-December quarter of 2016, advertising revenue increased by 17% over the same period of 2015 (Euro 6.8 million);
- in the **network operator segment**, the Group company Cairo Network continued implementing the mux, the TV broadcasting system based on digital terrestrial technology; at full performance, the mux will cover at least 94% of the national population, providing high-quality service levels.
- for the **RCS** segment, consolidated as from 1 September 2016, and therefore for the four-month-period September - December, gross operating profit (EBITDA) and operating profit (EBIT) from current operations amounted to Euro 67.3 million and Euro 43.7 million respectively in the consolidated financial statements of Cairo Communication. With reference to the **entire calendar year of 2016**, RCS achieved an EBITDA[1], of Euro 89.9 million, up by Euro 73.5 million compared to the previous year, and the EBITDA before non-recurring income and charges of 100.5 million was in line with the target communicated to the market by the company for the year 2016. This result was achieved mainly thanks to the strong commitment in reducing costs. The positive impact of the efficiency-improving actions taken in 2016, amounting to over 71 million, offset the lower revenue figures that had been forecast. The profit, amounting to 3.5 million, marks a return to positive results by the Group after five years (a consolidated profit of Euro7.2 million in 2010).

Consolidated net debt at 31 December 2016 came to approximately Euro 352.6 million (a positive net financial position of approximately Euro 105.8 million at 31 December 2015). The main changes in the consolidated net financial position versus 31 December 2015 are attributable to the acquisition of the control and subsequent consolidation of RCS. The net debt of RCS at 31 December 2016 stood at Euro 366.1 million, showing a strong improvement over 31 December 2015, with a very positive contribution from operating cash flow. Additionally, within the scope of the operation to acquire control of RCS, Cairo Communication took out a revolving loan, with about Euro 78.2 million used.

Mention should be made that at their Meeting on 27 April 2016, the shareholders approved the distribution of a dividend of 0.20 Euro per share, inclusive of tax, with coupon detachment date on 9 May 2016, for a total of Euro 15.7 million.

At the date of drawing up the 2016 annual report, the process to determinate the fair value of RCS assets and liabilities required in the application of the "acquisition method" under IFRS is still in progress; therefore, the difference between the value of the investment in RCS and the consolidated pro rata equity of the RCS Group at the date of the business combination, was provisionally booked to "intangible assets" in "RCS Group Consolidation differences".

[1] RCS uses a different definition of EBITDA to the one used by the Cairo Communication Group, as indicated in the paragraph on Alternative performance indicators below.

The Board of Directors will propose payment of a dividend of Euro 0.05 per share at the Shareholders' Meeting, inclusive of withholding taxes, with coupon detachment date (coupon no. 11) on 22 May 2017 and payable on 24 May 2017 (record date 23 May 2017).

In 2017, the Cairo Communication Group, with reference to the scope of its traditional activities will continue to:

- pursue the development of its Cairo Editore publishing segment and advertising sales segment, for Cairo Editore, continuing its development strategy by launching new publications aimed at attracting market segments with greater potential and strengthening and developing the results of recently launched publications. In these segments, despite the economic and competitive backdrop, given the high quality of the publications and of the media under concession, the Group considers it a feasible target to continue to achieve positive operating results;
- work with the goal of developing its activities in the TV publishing segment, forecast to achieve a positive gross operating profit (EBITDA) in 2017 that will be up on 2016.

With reference to RCS, upon approval of the 2016 results, on 17 March 2017 the RCS directors announced the following objectives within the scope of the 2017 budget:

- revenues slightly down (about -2%), mainly due to the termination of certain advertising revenue contracts on behalf of third party publishers (that generated revenues of approximately Euro 32 million in 2016), partly offset by expected improvements in sporting events and advertising revenues from Group publications; expected revenues for 2017 (in a ranges from Euro 940 to Euro 950 million) are therefore up on the previous year (excluding the aforesaid revenue from the terminated contracts) of about 1%;
- EBITDA equal to about Euro 140 million[2], with EBITDA margins significantly up (from approximately 10% to approximately 15%), thanks to continued efforts to increase efficiency, with streamlining and cost reductions, and pursuing opportunities to increase revenues, mainly by focusing more on advertising sales on its product portfolio, strengthening publishing activities through improving editorial content in newspapers and magazines and relative websites, with a focus on the quality of the products and increasing revenues related to the organisation of sporting events;
- increase in profit;
- positive net cash flow and improving.

The evolution of the general economic situation in the applicable segments could affect the full achievement of these targets.

With reference to RCS, reports on operations for the first two months of the year showed significant improvement in EBITDA, of over Euro 10 million compared to the same period of the previous year, in line with growth prospects for the year, with results expected to be higher also in March compared to the same period of 2016.

The Financial Reporting Manager of Cairo Communication S.p.A., Marco Pompignoli, declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Finance Law, that the accounting information contained in this press release is consistent with the underlying accounting documents, books and records.

The Cairo Communication Group is one of the leading groups in the weekly magazine, TV publishing and advertising sales segments, recognized as one of the first to have developed a multimedia sales approach, beginning with magazines and expanding later into free, digital and pay TV and the Internet. With the acquisition of the control of RCS MediaGroup, Cairo Communication establishes itself as a major multimedia publishing group, well-positioned to become the main player on the Italian market, with a strong international presence in Spain, by leveraging on the high quality and diversification of products in the dailies, magazines, television, web and sport events segments.

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This press release is also available on the Company's website www.cairocommunication.it
in the section NOTICES AND DOCUMENTS / *PRESS RELEASES*

[2] RCS uses a different definition of EBITDA to the one used by the Cairo Communication Group, as indicated in the paragraph on Alternative performance indicators below.

Summary of the main consolidated income statement figures at 31 December 2016

The main **consolidated income statement** figures in 2016 can be compared as follows with those for the same period of 2015:

(€ millions)	31/12/2016			31/12/2015
	Current operations	**Non recurring items**	**Total**	
Gross operating revenue	614.5	-	614.5	250.6
Advertising agency discounts	(48.4)	-	(48.4)	(24.0)
Net operating revenue	**566.1**	-	**566.1**	**226.6**
Change in inventory	(1.2)	-	(1.2)	-
Other revenue and income	17.2	-	17.2	9.4
Total revenue	**582.1**	-	**582.1**	**236.0**
Production cost	(349.2)	-	(349.2)	(157.5)
Personnel expense	(150.2)	-	(150.2)	(60.9)
Income (charges) on investments measured at equity	1.7	-	1.7	-
Non-recurring income and charges	-	1.2	1.2	-
Gross operating profit (EBITDA)	**84.4**	**1,2**	**85.6**	**17.6**
Amortization, depreciation, provisions and impairment losses	(33.7)	(3.1)	(36.8)	(8.3)
EBIT	**50.7**	**(1.9)**	**48.8**	**9.3**
Net financial income	(9.0)	-	(9.0)	0.7
Income (loss) on investments	(0.2)	-	(0.2)	-
Pre-tax profit	**41.5**	**(1.9)**	**39.6**	**10.0**
Income tax	(10.2)	0.5	(9.7)	1.1
Non-controlling interests	(9.7)	-	(9.7)	-
Profit from continuing operations attributable to the owners of the parent	**21.6**	**(1.4)**	**20.2**	**11.1**
Profit/ (loss) from discontinued operations attributable to the owners of the parent	-	-	-	-
Profit attributable to the owners of the parent	**21.6**	**(1.4)**	**20.2**	**11.1**

Unaudited reclassified statements

The Group **statement of comprehensive income** can be analyzed as follows:

(€ millions)	**31/12/2016**	**31/12/2015**
Consolidated statement of comprehensive income		
Profit for the year	**29.9**	**11.1**
Reclassifiable items in the statement of comprehensive income		
Profit (loss) from translation of financial statements in foreign currencies	(0.1)	-
Reclassification of profit (loss) from translation of financial statements in foreign currencies	0.2	-
Profit (loss) on cash flow hedging	0.1	-
Reclassification of profit (loss) on cash flow hedging	1.4	-
Tax effect	(0.4)	-
Non-reclassifiable items of the statement of comprehensive income		
Actuarial profit (loss) from defined benefit plans	(1.5)	-
Tax effect	0.4	-
Total statement of comprehensive income attributable to the owners of the parent	**30.0**	**11.1**

Unaudited reclassified statements

Summary of the main figures of the consolidated statement of financial position at 31 December 2016

The main figures of the **consolidated statement of financial position** at 31 December 2016 can be analysed versus the situation at 31 December 2015:

(€ millions)	31/12/2016	31/12/2015
Statement of financial position		
Property, plant and equipment	111.4	3.1
Intangible assets	717.4	60.9
Financial assets	73.5	1.7
Deferred tax assets	126.2	4.2
Net current assets	(95.4)	(17.4)
Total assets	**933.1**	**52.4**
Non-current borrowings and provisions	193.9	42.0
(Net financial position)/Net debt	352.6	(105.8)
Equity attributable to the owners of the parent	343.6	116.2
Equity attributable to non-controlling interests	43.0	-
Total equity and liabilities	**933.1**	**52.4**

Unaudited reclassified statements

The consolidated **net financial position** at 31 December 2016, versus the situation at 31 December 2015, can be summarized as follows:

Net financial borrowing (€ millions)	31/12/2016	31/12/2015	Change
Cash and cash equivalents	124.8	125.8	(1.0)
Other short term financial assets and loans	1.2	-	1.2
Current financial payables	(110.1)	(5.0)	(105.1)
Current net financial position (net debt)	**15.9**	**120.8**	**(104.9)**
Non-current financial payables	(363.4)	(15.0)	(348.4)
Non-current financial assets and liabilities for derivative instruments	(5.1)	-	(5.1)
Non-current net financial position (net financial debt)	**(368.5)**	**(15.0)**	**(353.5)**
Net financial position (net financial debt) continuing operation	**(352.6)**	**105.8**	**(458.4)**

Consolidated cash flow statement

The **consolidated cash flow statement** at 31 December 2016 can be analysed as follows, compared with the cash flow statement at 31 December 2015:

Cash flow statement *(€ millions)*	**31/12/2016**	**31/12/2015**
Cash and cash equivalents	**125.8**	**149.1**
Profit	20.2	11.1
Amortization/Depreciation	27.6	7.2
Net financial income	9.2	(0.7)
Income tax	9.7	(1.0)
Change in provision for post-employment benefits	0.9	(0.3)
Change in provisions for risks and charges	(2.7)	(1.7)
Cash flow from operating activities before changes in working capital	**64.8**	**14.6**
(Increase) decrease in trade and other receivables	19.0	4.5
Increase (decrease) in trade and other payables	(12.7)	(8.4)
(Increase) decrease in inventories	2.9	0.2
Total cash flow from operating activities	**74.0**	**10.9**
Income tax (paid) received	(18.9)	2.9
Financial expense paid	(10.3)	(0.1)
Total cash flow from operating activities (A)	**44.9**	**13.7**
(Acquisition) net disposals of PPE and intangible assets	(15.2)	(11.3)
Cash component of the consideration for the acquisition of the investment in RCS Mediagroup S.p.A. net of the cash and cash equivalents acquired	(59.3)	-
Interest and financial income received	1.3	1.0
Net increase in other non-current assets	(0.5)	(0.5)
Net cash flow used in investing activities (B)	**(73.7)**	**(10.8)**
Dividends paid	(15.7)	(21.2)
Increase (decrease) in financial payables	37.9	(5.0)
Increase (decrease) in non-controlling interests share capital and reserves	9.7	-
Other changes in equity	(4.1)	-
Net cash flow used in financing activities (C)	**27.8**	**(26.2)**
Cash flow of the period (A)+(B)+(C)	**(1)**	**(23.3)**
Net cash and cash equivalents closing balance	**124.8**	**125.8**

Unaudited reclassified statements

The significant items in the consolidation of RCS Mediagroup S.p.A. on 31 August 2016 are:

Property, plant and equipment and intangible assets	(777.2)
Investments and other non-current assets	(71.3)
Deferred tax assets	(128.5)
Inventories	(20.1)
Trade receivables and other current assets	(301.3)
Provisions for risks and charges	112.0
Post-employment benefits	38.9
Financial liabilities	420.7
Trade payables and other liabilities	407.3
Share capital and reserves of non-controlling interests	33.2
Capital increase to support the Public Exchange Offer with RCS Mediagroup S.p.A. shares	227.0
Cash component of the consideration for the acquisition of the investment in RCS Mediagroup S.p.A. net of the cash and cash equivalents acquired	**(59.3)**

Segment reporting at 31 December 2016

2016 (€ millions)	Magazine publishin Cairo Editore	Advertisi ng	TV publishi La7	Recurring RCS	Non-recurring RCS	Total RCS	Trovatore	Network operator (Cairo Network)	Non-recurrin unallocat ed	Intra-and non allocated	Total
Gross operating revenue	97.4	173.7	102.8	359.6	-	359.6	1.0	1.0	-	(120.9)	614.5
Advertising agency discounts	-	(24.8)	-	(23.6)	-	(23.6)	-	-	-	-	(48.4)
Net operating revenue	**97.4**	**148.9**	**102.8**	**336.0**	**-**	**336.0**	**1.0**	**1.0**	**-**	**(120.9)**	**566.1**
Change in inventory	(0.2)	-	-	(1.1)		(1.1)	-	-	-	-	(1.2)
Other revenue and income	2.5	0.6	5.5	8.4	-	8.4	0.0	0.1	-	-	17.2
Total revenue	**99.8**	**149.5**	**108.3**	**343.3**	**-**	**343.3**	**1.0**	**1.1**	**-**	**(120.9)**	**582.1**
Production cost	(64.7)	(140.4)	(71.6)	(191.4)	-	(191.4)	(0.8)	(1.1)	-	120.9	(349.2)
Personnel expense	(19.8)	(9.0)	(34.8)	(86.3)	-	(86.3)	(0.0)	(0.1)	-	-	(150.2)
Income (loss) on investments measured at equity	-	-	-	1.7	-	1.7	-	-	-	-	1.7
Non-recurring income (charges)	-	-	-	-	3.1	3.1	-	-	(1.9)	-	1.2
Gross operating profit (EBITDA)	**15.2**	**0.0**	**1.8**	**67.3**	**3.1**	**70.4**	**0.1**	**(0.1)**	**(1.9)**	**-**	**85.6**
Amortization, depreciation, provisions and impairment losses	(1.3)	(0.4)	(8.5)	(23.6)	(3.1)	(26.7)	0.0	(0.0)	-	-	(36.8)
Operating profit (EBIT)	**14.0**	**(0.4)**	**(6.6)**	**43.7**	**-**	**43.7**	**0.1**	**(0.1)**	**(1.9)**	**-**	**48.8**
Income (loss) on investments	-	-	-	(0.2)	-	(0.2)	-	-	-	-	(0.2)
Net financial income	(0.0)	(0.2)	0.5	(9.2)	-	(9.2)	(0.0)	(0.0)	-	-	(9.0)
Pre-tax profit	**13.9**	**(0.6)**	**(6.2)**	**34.3**	**-**	**34.3**	**0.1**	**(0.1)**	**(1.9)**	**-**	**39.6**
Income tax	(4.8)	(0.1)	4.9	(10.1)	-	(10.1)	(0.0)	0.0	0.5	-	(9.7)
Non-controlling interests	-	-	-	(9.7)	-	(9.7)	(0.0)	-	-	(0.0)	(9.7)
Profit from continuing operations attributable to the owners of the parent	**9.1**	**(0.7)**	**(1.3)**	**14.5**	**-**	**14.5**	**0.1**	**(0.1)**	**(1.4)**	**(0.0)**	**20.2**
Profit / (loss) from discontinued operations	-	-	-	-	-	-	-	-	-	-	-
Profit attributable to the owners of the parent for the period	**9.1**	**(0.7)**	**(1.3)**	**14.5**	**-**	**14.5**	**0.1**	**(0.1)**	**(1.4)**	**(0.0)**	**20.2**

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2015 (€ millions)	Magazine publishing Cairo Editore	Advertising	TV publishing La7	Recurring RCS	Non-recurring RCS	Total RCS	Trovatore	Network operator (Cairo Network)	Non-recurring unallocated	Intra-and non allocated	Total
Gross operating revenue	95.0	168.6	102.1	-	-	-	0.9	-	-	(116.0)	250.6
Advertising agency discounts	-	(24.0)		-	-	-		-	-		(24.0)
Net operating revenue	**95.0**	**144.6**	**102.1**	**-**	**-**	**-**	**0.9**	**-**	**-**	**(116.0)**	**226.6**
Change in inventory	-	-	-	-	-	-	-	-	-	-	-
Other revenue and income	1.8	1.2	6.3	-	-	-		0.1	-	-	9.4
Total revenue	**96.8**	**145.8**	**108.4**	**-**	**-**	**-**	**0.9**	**0.1**	**-**	**(116.0)**	**236.0**
Production cost	(62.6)	(136.4)	(73.7)	-	-	-	(0.7)	(0.1)	-	116.0	(157.5)
Personnel expense	(19.6)	(8.0)	(33.1)	-	-	-	(0.1)	(0.1)	-	-	(60.9)
Income (loss) on investments measured at equity	-	-	-	-	-	-	-	-	-	-	-
Non-recurring income (charges)	-	-	-	-	-	-	-	-	-	-	-
Gross operating profit (EBITDA)	**14.6**	**1.4**	**1.6**	**-**	**-**	**-**	**0.1**	**(0.1)**	**-**	**-**	**17.6**
Amortization, depreciation, provisions and impairment losses	(1.1)	(0.7)	(6.5)								(8.3)
Operating profit (EBIT)	**13.5**	**0.7**	**(4.9)**	**-**	**-**	**-**	**0.1**	**(0.1)**	**-**	**-**	**9.3**
Income (loss) on investments	-	-	-	-	-	-	-	-	-	-	-
Net financial income		0.1	0.6								0.7
Pre-tax profit	**13.5**	**0.8**	**(4.3)**	**-**	**-**	**-**	**0.1**	**(0.1)**	**-**	**-**	**10.0**
Income tax	(4.7)	(0.7)	6.5	-	-	-	-	-	-	-	1.1
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-
Profit from continuing operations attributable to the owners of the parent	**8.8**	**0.1**	**2.2**	**-**	**-**	**-**	**0.1**	**(0.1)**	**-**	**-**	**11.1**
Profit / (loss) from discontinued operations	-	-	-	-	-	-	-	-	-	-	-
Profit attributable to the owners of the parent for the period	**8.8**	**0.1**	**2.2**	**-**	**-**	**-**	**0.1**	**(0.1)**	**-**	**-**	**11.1**

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Details of consolidated revenue at 31 December 2016

The breakdown of **gross operating revenue** in 2016, split up by main business segment (magazine publishing, advertising, TV publishing, network operator and Il Trovatore and RCS) can be analysed as follows by comparing the amounts in 2015:

2016 (€ millions)	Magazine publishing Cairo Editore	Advertising	TV publishi La7	RCS	Trovatore	Network operator	Intra-and non allocated	Total
TV advertising	-	141.6	99.1	1.0	-	-	(96.6)	**145.1**
Print media and Internet advertising	21.5	28.7	1.5	189.0			(21.5)	**219.2**
Advertising at Sports Events	-	-	-	5.1	-	-	-	**5.1**
Stadium signage	-	2.8	-	-	-	-	-	**2.8**
Revenue from concession of programming schedule spaces	-	-	0.9	-	-	-	-	**0.9**
Other TV revenue	-	-	1.3	2.9	-	-	(0.1)	**4.1**
Advertising and magazine over-the-counter sales	76.6	-	-	118.6	-	-	(0.3)	**194.9**
Books and catalogues	0.9	-	-	2.2	-	-	-	**3.1**
Other revenue from Sports Events	-	-	-	15.4	-	-	-	**15.4**
VAT relating to publications	(1.6)	-	-	(1.4)	-	-	-	**(3.0)**
Other revenue	-	0.6	-	26.7	1.0	-	(1.4)	**26.9**
Revenues for network services	-	-	-	-	-	1.0	(1.0)	**-**
Total gross operating revenue	**97.4**	**173.7**	**102.8**	**359.5**	**1.0**	**1.0**	**(120.9)**	**614.5**
Other revenue	2.5	0.6	5.5	8.4	-	0.2	-	17.2
Total gross operating revenue	**99.9**	**174.3**	**108.3**	**367.9**	**1.0**	**1.2**	**(120.9)**	**631.7**

2015 (€millions)	Magazine publishing Cairo Editore	Advertising	TV publishi La7	RCS	Trovatore	Network operator	Intra-and non allocated	Total
TV advertising	-	137.4	98.7	-	-	-	(94.3)	**141.8**
Print media and Internet advertising	20.1	27.5	1.0	-	-	-	(20.4)	**28.2**
Advertising at Sports Events	-	-	-	-	-	-	-	**-**
Stadium signage	-	3.1	-	-	-	-	-	**3.1**
Revenue from concession of programming schedule spaces	-	-	1.2	-	-	-	-	**1.2**
Other TV revenue	-	-	1.2	-	-	-	-	**1.2**
Advertising and magazine over-the-counter sales	75.3	-	-	-	-	-	-	**75.3**
Books and catalogues	1.0	-	-	-	-	-	-	**1.0**
Other revenue from Sports Events	-	-	-	-	-	-	-	**-**
VAT relating to publications	(1.4)	-	-	-	-	-	-	**(1.4)**
Other revenue	-	0.6	-	-	0.9	-	(1.3)	**0.2**
Revenues for network services	-	-	-	-	-	-	-	**-**
Total gross operating revenue	**95.0**	**168.6**	**102.1**	**-**	**0.9**	**-**	**(116.0)**	**250.6**
Other revenue	1.8	1.1	6.4	-	-	0.1	-	9.4
Total gross operating revenue	**96.8**	**169.7**	**108.5**	**-**	**0.9**	**0.1**	**(116.0)**	**260.0**

Summary of the main income statement figures of the Parent at 31 December 2016

The main income statement figures of **Cairo Communication S.p.A.** in 2016 can be compared as follows with those in 2015:

(€ millions)	31/12/2016			31/12/2015
	Current operations	**Non recurring items**	**Total**	
Gross operating revenue	107.7	-	107.7	106
Advertising agency discounts	-	-	-	-
Net operating revenue	**107.7**	-	**107.7**	**106**
Other revenue and income	0.3	-	0.3	0.5
Total revenue	**108.0**	-	**108.0**	**106.5**
Production cost	(103.6)	(1.9)	(105.5)	(101.6)
Personnel expense	(3.1)	-	(3.1)	(3)
Gross operating profit (EBITDA)	**1.3**	**(1.9)**	**(0.6)**	**1,9**
Amortization, depreciation, provisions and impairment losses	(0.3)	-	(0.3)	(0.3)
EBIT	**1.0**	**(1.9)**	**(0.9)**	**1.6**
Net financial income	(0.2)	-	(0.2)	-
Income (loss) on investments	8.1	-	8.1	7.2
Pre-tax profit	**8.9**	**(1.9)**	**7.0**	**8.8**
Income tax	(0.5)	0.5	-	(0.7)
Profit from continuing operations	**8.4**	**(1.4)**	**7.0**	**8.1**
Profit (loss) from discontinued operations	-	-	-	-
Profit	**8.4**	**(1.4)**	**7.0**	**8.1**

Unaudited reclassified statements

The **statement of comprehensive income** of the Parent can be analysed as follows:

(€ millions)	31/12/2016 (Twelve months)	31/12/2015 (Twelve months)
Statement of comprehensive income of the Parent		
Profit	**7.0**	**8.1**
Other non-reclassifiable items of the comprehensive income statement	-	-
Actuarial profit (loss) from defined benefit plans		
Tax effect	-	-
Total statement of comprehensive income	**7.0**	**8.1**

Unaudited reclassified statements

Summary of the main figures of the statement of financial position of the Parent at 31 December 2016

The main figures of the **statement of financial position** at 31 December 2016 can be analysed versus the situation at 31 December 2015:

(€ millions)	31/12/2016	31/12/2015
Statement of financial position		
Property, plant and equipment	0.4	0.4
Intangible assets	0.3	0.3
Financial assets	328.1	23
Other non-current financial assets	12.8	9
Net current assets	(8.1)	3.9
Total assets	**333.5**	**36.6**
Non-current borrowings and provisions	1.4	1.5
(Net financial position)/Net debt	73.8	(9.0)
Equity	258.3	44.1
Total equity and liabilities	**333.5**	**36.6**

Unaudited reclassified statements

The **net financial position** of the Parent at 31 December 2016, versus the situation at 31 December 2015, is summarized as follows:

(€ millions)	31/12/2016	31/12/2015	Change
Cash and cash equivalents	4.4	9	(4.6)
Current financial assets	-	-	-
Non-current financial payables	(78.2)	-	(78.2)
Total	**(73.8)**	**9**	**(82.8)**

Unaudited reclassified statements

Cash flow statement

The **cash flow statement** at 31 December 2016 of Cairo Communication S.p.A. can be compared with the cash flow statement at 31 December 2015:

Cash flow statement *(€ thousands)*	**31/12/2016**	**31/12/2015**
Cash and cash equivalents	**9.0**	**25,8**
Profit	7.0	8.1
Amortization, depreciation, provisions and impairment losses	0.2	0.3
Impairment losses on investments	0.2	0.2
Net financial income	(8.0)	(7.5)
Income tax	(0.1)	0.7
Change in provision for post-employment benefits	(0.1)	-
Change in provisions for risks and charges	-	(0.1)
Cash flow from operating activities before changes in working capital	**(0.7)**	**1.8**
(Increase) decrease in trade and other receivables	5.6	6.4
Increase (decrease) in trade and other payables	8.3	(8,2)
Total cash flow from operating activities	**13.2**	**-**
Income tax paid	(1.8)	(1,8)
Financial expense paid	(0.3)	-
Total cash flow from operating activities (A)	**11.2**	**(1.8)**
(Acquisition) net disposals of PPE and intangible assets	(0.3)	(0.1)
Interest and financial income received	-	0.1
Dividends received	8.2	13.7
Cash component of the consideration for the acquisition of the investment in RCS Mediagroup S.p.A.	(77.9)	-
Net increase in other non-current assets	(8.4)	(7.5)
Net cash flow used in investing activities (B)	**(78.3)**	**6.2**
Re-measurement of defined benefit plans inclusive of tax effect	-	-
Dividends paid	(15.7)	(21.2)
Increase (decrease) in financial payables	78.2	**-**
Net cash flow used in financing activities (C)	**62.5**	**(21.1)**
Cash flow of the year (A)+(B)+(C)	**(4.6)**	**(16.7)**
Net cash and cash equivalents closing balance	**4.4**	**9.0**

Unaudited reclassified statements

Alternative performance indicators
In this Interim Management Report, in order to provide a clearer picture of the financial performance of the Cairo Communication Group, besides of the conventional financial indicators required by IFRS, a number of alternative performance indicators are shown that should, however, not be considered substitutes of those adopted by IFRS.
The alternative indicators are:
· **EBITDA:** used by Cairo Communication as a target to monitor internal management, and in public presentations (to financial analysts and investors). It serves as a unit of measurement to evaluate Group and Parent operational performance, with the EBIT, and is calculated as follows**:**

Profit from continuing operations, pre tax
+/- Net finance income
+/- Share in associates
EBIT - Operating profit
+ Amortization & depreciation
+ Bad debt impairment losses
+ Provisions for risks
+ Income (charges) on investments measured at equity[3]
EBITDA – Operating profit, before amortization, depreciation, write-downs and impairment losses

EBITDA (earnings before interest, taxes, depreciation and amortization) is not classified as an accounting measure under IFRS, therefore, the criteria adopted for its measurement may not be consistent among companies or different groups.
RCS defines EBITDA as operating profit (EBIT) before depreciation, amortization and impairment losses on fixed assets, and also includes income and charges from investments measured at equity.
The main differences between the two definitions of EBITDA lie in the provisions for risks and in the allowance for impairment, included in the EBITDA definition adopted by RCS, while they are excluded from the EBITDA definition adopted by Cairo Communication. Owing to the differences between EBITDA definitions adopted, in this Interim Management Report at 30 September 2016, consolidated EBITDA has been determined consistently with the definition adopted by Cairo Communication.

The Cairo Communication Group also considers the **net financial position** (**net financial debt**) as a valid indicator of the Group's financial structure determined as a result of current and non-current financial liabilities, net of cash and cash equivalents and current financial assets.

[3]Included following the consolidation of the control of RCS